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Argentina.

Translation of proposed granaries law

Buenos Aires

[1912]

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ARGENTINE REPUBLIC

MINISTRY OF PUBLIC WORKS

Translation

OF

Proposed Granaries Law

308
Z
Box 453

F. W. S. TUCKER
SWORN PUBLIC TRANSLATOR
478, B. MITRE BUENOS AIRES

ARGENTINE REPUBLIC

MINISTRY OF PUBLIC WORKS

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Hec Sept. 28, 1938

Buenos Aires, 1st. August, 1912.

His Excellency the President of the Nation,

DOCTOR ROQUE SAENZ PEÑA.

YOUR EXCELLENCY:

I have the honour to submit to Your Excellency's consideration a proposed "Granaries Law", which I consider to be indispensible for the regular service of railway transport, which, by virtue of Law No. 3727, is under the supervision of this Ministry. I submit the accompanying memorial, with the object of facilitating the examination which the matter requires, on the part of Your Excellency and of your advisors in the Ministries of Agriculture and Finance: because the matter is so complicated and of such vast proportions, that it affects, not only the purchase and sale of agricultural products, but also the economical and financial situation of the country.

In the course of the lengthy period during which I have collaborated with the Government in the Ministries of Agriculture and Public Works my mind has been constantly preoccupied by the tardiness with which grain is transported by the railways, which employ a space of time which is evidently excessive in carrying the grain to its destination: thereby causing delay in the final transactions connected with its sale, and compelling agriculturists to submit to the dire necessity of obtaining credit on extortionate terms, for the purpose of raising the necessary funds.

The Government has shewn the greatest interest in finding the solution of this complex problem, which deeply effects the national economic situation: but so far, their efforts have proved unavailing: and this failure is due, in my opinion, to the fact of the solution having been sought (as in so many other similar cases, of daily occurrence) by methods which do not affect the true cause of the evil: because economic and social legislation will always be a dead letter, so long as it is not

founded on pre-existing facts or circumstances which guarantee the efficacy of its controlling influence.

After having examined the causes which militate against the rapidity of transport and the measures required to do away with the obstacles and difficulties which surround it, I have prepared a plan which has proved more ample than I had anticipated, and which solves the difficult economic problem by means of the proposed law which I now submit to Your Excellency's distinguished judgment: the bases of which law must be explained somewhat extensively, as regards their general principles, and even as regards the details of their execution, as they refer to matters of transcendental importance.

I

The amount of material which the Railway Companies are obliged to have disposable for the transport of crops is calculated by the "Dirección de Ferrocarriles", taking as a basis the figures estimated beforehand and the average figure over a certain number of past years: the movement of waggons during a given period being distributed, so as to make a reasonable use of the rolling-stock, without unduly loading the working expenses, which must always be a charge on the cost of production.

By means of these data, a period of about five or six months has been calculated as being necessary for the transport of a crop of average dimensions: and it would be impossible to shorten this period, without diminishing the coefficients of usefulness and proportionally increasing the material required: because, if the amount of material were too small, it would not serve to shorten the time employed in transport: and if it were too large, it would increase the capital recognised by the Government for the same amount of traffic: which would inevitably bring about an increase in the tariffs, in accordance with the authorizations contained in the laws now in force and with the requirements of the Railway Companies.

It has been said that, in view of the enormous prejudice occasioned by delay in transport, it would be

advantageous, or at least, less prejudicial for the producers to pay higher freights, so that their produce might be transported with greater rapidity: but even admitting the force of this suggestion, little would be gained by means of such an increase in freights; because the rapid handling of produce does not depend exclusively on the railways: since it is also subject to the oscillations of the demand in the home and foreign markets and to the facilities offered by marine navigation and by the arrangements at the ports of arrival: the notorious deficiency of which is frequently the principal cause of delay in the general traffic.

As a matter of fact, a more rapid transport on the part of the railways would have little influence; as it is necessary to await, in the home market, the gradual discongestion of the small warehouses, which are the only ones available; and at the port of embarkation, the excessively slow shipment of grain by the insufficient means now in use.

As a result of this, long trains are held up for many days, outside the port; and this gives rise to numerous complaints on the part of the public on account of the desperate tardiness with which produce is handled. But the public is not aware that the railways are not principally to blame for a general evil for which there can be no remedy, so long as a completely re-organised service is not created, such as does not exist, at present, in this country.

I must mention another cause which affects the transport of grain. I refer to the voluntary delay, on the part of producers, in forwarding the grain, whenever they do not consider that market-prices are satisfactory. During the five years that I have been Minister of Public Works, I have been informed, on several occasions, by the Railway Companies that they have been vainly awaiting requests for waggons, for the transport of hundreds of thousands of tons, accumulated at the various railway-stations: and they foretold what inevitably happened: i.e., protests on the part of the public, when everyone was asking for waggons at the same time, so as to take advantage of a rise in prices. And whenever there has been an interruption in the traffic, for some reason or other, as, for instance, during the recent strikes of

engine-drivers and stevedores, producers fill the air with their clamorous complaints, and blame the Railway Companies and the Government for evils for which neither the Companies nor the Government are in any way to blame.

But it is not only strikes nor voluntary delays on the part of the producers which cause the paralization of traffic. This is also due, in part, to the fluctuations of marine freights, which either delay or accelerate the exportation of grain. When the scarceness in the offers of freights causes them to rise, shipments are, of course, delayed: and when freights are lowered, shipments increase. But as the ports are not provided with sufficient accommodation to meet these frequent variations, it is impossible to make up for lost time by a subsequent increased activity; and a congestion is inevitably produced, the influence of which is felt in the markets, at the large stations where waggons are classified and in commercial circles generally.

Thus, the installations at the ports have a well-defined influence on home transport: and however great may be the depth and the area of the water in these ports, this is of small account, so long as there exists the serious difficulty of making the arrival of the train coincide with the readiness of the steamer on which the grain is to be placed. If the train or the steamer is held up, the port will become congested, either by the waggons on land, or by the vessels in the water.

According to data obtained from the Administration of the Port, at Buenos Aires, it takes from ten to twelve days of continuous work to load, by hand, a vessel of 5,000 tons, with bags of grain like those carried by the trains. And for the work not to be interrupted, an incessant and punctual movement of waggons is indispensible. Otherwise, the above-mentioned period is easily doubled. And if we bear in mind that, with appropriate installations, the vessel could come alongside at any time which may be convenient, independently of the railway, and load her 5,000 tons in only one hour, it is easy to realise what a beneficial influence a perfectly equipped port would have on the economic situation of the country in general.

The foregoing remarks clearly prove that both the

railways and the ports are working under extremely unfavourable conditions: and that, in an agricultural country like ours, it is of vital importance that these two powerful commercial factors be provided with adequate equipments, so that Argentine Commerce may be enabled to fulfil its economic mission of contributing to the wealth which the country produces.

II

But it is not only the defective transports which offer insurmountable difficulties to the action of the Ministry of Public Works. The Minister in confronted by a position of serious responsibility, over which he cannot pass in silence: as, if he did so, he would incur complicity in whatever might result; and were he to adopt a resolution without due consideration, he might deliberately invoke the evil on one hand, which he was endeavouring to avoid on the other.

Being importuned by the grain-monopolisers, the Railways Companies have applied for authorization to erect sheds at the railway-stations, which they would rent at prices very favourable to themselves. The Minister is compelled to come to a decision on the matter, and he finds himself confronted by a very painful dilemma. If he were to grant the petition, as has been done, by virtue of the Sheds Law (*Ley de Tinglados*), he would tighten the noose which is round the necks of agriculturists who are not capitalists, and who constitute the majority: as he would deliver them defenceless into the hands of the grain-monopolisers: because they would be unable to rent sheds for small quantities of grain, though they would be reluctant to leave the result of so much anxiety and labour exposed to the weather, which would rot the grain. Thus, they would necessarily fall into the clutches of the grain-monopolisers, who are the only people who are in a position to have large sheds erected. Consequently, over and above the current expenses incurred throughout the year, for the purchase of supplies, twine and bags and for reaping and heading, they would, furthermore, have to satisfy the demands of those persons who had made themselves owners of the railways, by the indirect method of taking possession of the railways' valuable installations.

If, with the object of preventing the grain-monopolisers from obtaining control over these sheds, the Minister attempted to compel the Railway Companies to erect the sheds for the benefit of the public, the Railway Companies would have a good reason for refusing: because they could prove that, unless the rent of the sheds were guaranteed, the capital invested would have to be met by an increase in the tariffs, as the public would only use the sheds for a short time, in the course of the year; whilst the grain-monopolisers keep them, even when they are empty, and pay rent all the year round. The Companies also call attention to the fact that a monopoly of the sheds would still take place, as applications would be made beforehand by the agents which the grain-monopolisers have all over the country. In these encounters, the grain-monopolisers would always be victorious; because, as a matter of fact, they pay a much higher rent for the sheds, using the money which they have failed to pay the unfortunate colonists, in respect of many millions of bushels of grain.

Finally, if authorization to erect private sheds is refused, there will be mountains of damp bags at the railway-stations, containing sprouting grain; the colonists will be bankrupt and the country will be impoverished.

What is to be done in these circumstances? There is only one course to pursue, and this consists in facing the present state of affairs boldly, so that everyone may contribute towards the difficult task of finding the necessary solution, which consists in the erection of adequate warehouses, exploited by companies which do not traffic with produce nor employ usurious methods: or otherwise, the substitution of the State to a private enterprise which has not appeared so far, and which probably will not appear for many years.

Whilst these important deficiencies of a material nature subsist, we cannot hope for any alteration in the customs and usages of the agriculturists and of the grain-buyers. We shall continue the same system of mutual recriminations between the various private enterprises and the accusations brought by these against the Government, just as though the responsibility rested on one single entity, in spite of it being very evident

that either everyone is to blame, or that nobody is to blame. Not so very long ago, we were importing wheat from Chile and flour from North-America; and now, from one moment to another, we are exporting millions of tons of grain, as the result of a vertiginous progression. We are proceeding as well as we can, under the influence of the astonishment caused by our moderate calculations having been so far exceeded: but once we have been taken out of our groove, it is a difficult task to adjust ourselves to the new circumstances.

If from the moment the crops had begun to increase, we had taken advantage of the experience of others, applying the methods adopted in the United States, we would not now be confronted by those mountains of bags at the railways-stations, exposed to damage, or to destruction, and which cannot be placed on waggons, because there is nobody to receive them, or to discharge them at their destination, or because there is nowhere to deposit them, nor any port at which to ship them.

Now we are under the unavoidable necessity of making a radical change in these proceedings: and this task is all the more difficult, in that, to carry it out, it is indispensible to change customs that, unfortunately, have taken a deep root. Consequently, it will be long before a new regimen is established: and it is not unlikely that, during the inevitable period of transition, some difficulties may arise which will make the advisability of the change appear to be doubtful. But it seems to me that it is impossible for us to continue our present system: because the country is losing, through avoidable causes, many millions of dollars, every year; as I shall prove, later on, by means of figures which will be a revelation: and it is imperative for us to cease squandering such large sums of public money, which benefit nobody.

III

The cause of this disorder is evident; and it is the manner in which grain is transported. Placed in bags, it is impossible to load and discharge it with the necessary economy and rapidity, both as regards the carts which

take it to the railway-station, the waggons which carry it by rail and the port where it is shipped. It is this that impedes the easy depositing of the grain and the frequently indispensible process of drying, cleaning and classifying it, so as to offer it to the world's markets at a reasonable rate of cost, and properly adapted to the necessities of the industries which it foments. If we could change this system for one which would permit the employment of mechanical power for all the aforementioned processes, we should solve, once and for all, the agricultural, industrial and economic problems which, in their innumerable aspects, influence, directly and indirectly, the welfare of the workers and the wealth of the nation.

Consequently, the suppression of bags for the collection and transport of grain, and the adoption of the system by which it is handled in bulk, is the only means of doing away with the aforementioned difficulties.

Several attempts have been made, with unsatisfactory and even negative results, to construct grain-elevators in the ports of Buenos Aires, Rosario and Bahia Blanca, and also, at some of the more important railway-stations; and some Companies have even acquired waggons specially adapted to this form of transport. But what might have been foreseen has happened: and the elevators have been converted into warehouses, monopolised by a few parties, and their definite advantages have not been utilised; because these elevators are designed to receive grain in bulk, and not in bags, as it is received at present. If it were received in bulk, it would give a yield which would pay for its cost and compensate expenses. Unless it were a complete system, established all over the grain-producing zones, every effort to establish isolated elevators will be in vain; and success will be impossible, in view of their unorganised and imperfect working.

For grain-elevators to be really efficient, it is indispensible that they form part of a general plan, in which each one shall constitute a unit in a perfectly organised whole. It is necessary that, from the colonist's cart to the transatlantic steamer in the port, everything shall be prepared, as I have already said, to handle the grain by mechanical power, without the

use of bags, nor of manual labour. And it is necessary, furthermore, that this new system be universally adopted: which is impossible, unless the country be placed in a position to offer all farmers the same powerful incentives and equal facilities.

There is no doubt that such a great transformation in custom and traditional procedure will take a long time and demand great efforts: but there is no reason to suppose that the progress of Agriculture, which passed so rapidly from threshing by means of mares and hand-fanning to the marvellous steam-machinery now used, shall be forever confined to the bullock-cart laden with bags, which is on a par with the wooden plough celebrated by the immortal author of the Georgics. Furthermore, if there are really serious obstacles to be overcome, it is the duty of the Government to break up the routine and to impose progressive measures, which have been a long time in coming.

IV

The proposal which I herewith present, tends to solve the problem in the manner above-indicated. It proposes that the Executive Authorities shall authorise the erection, for account of the Government, of a complete series of grain-elevators at the ports where they do not now exist and in the centres of the more important agricultural regions, on the land occupied by the railway-stations.

At first, these grain-elevators (which I shall hereinafter call "*Regional Granaries*") shall be used for the reception of grain sent directly by colonists, or merchants, to be dried, cleaned, classified and deposited, for the purpose of the relative discountable certificate being issued. From the Regional Granaries, the grain will be sent in waggons, laden by gravity, at the rate of 400 tons per hour, to the elevators at the Port, which should have a minimum capacity of 50,000 tons.

Later on, or simultaneously, if resources permit, a 2,000-ton elevator would be erected at every railway-station at which there are probabilies of an annual movement of 5,000 tons or more. At stations where there is a smaller traffic, these elevators could be erected

for account of the producers. These elevators, which I shall call *"Primary Granaries"*, perform no operation with the grain. The cart which brings it in bulk is placed on the platform of a weighing machine; and after it has been weighed, it is tipped backward, allowing the grain to fall into a funnel, from which, by means of a small mill, the grain is carried to the upper part of each silo. The Primary Granaries will thus be used to gather the necessary cargo for the train which will serve the nearest Regional Granary: and it will act as intermediary between this and the farmer, for the sole purpose of cartage.

I forward, herewith, complete schemes, both for the Regional Granaries and for the Primary Granaries, with the relative plans and estimates, for which I am indebted to the spontaneous, absolutely disinterested and valuable assistance of the experienced specialist, Engineer Ernesto Stricker, who has been my collaborator in the studies and calculations required for the preparation of this project, and to whom, with this declaration, I offer the expression of my deepest gratitude.

After the erection of these different types, which are now known under the generic and obscure name of "Grain-Elevators", the use of bags will not only be unnecessary but also uneconomical, as it will call for manual labour which, taken altogether, represents a greater outlay than the cost of the bags.

Of course, during the first years that the new system is working, it would not be applied in its definite form: as it would be impossible to erect simultaneously hundreds or thousands of elevators; and it would be necessary to place the grain in bags to take it to the Regional Granaries. But for this purpose, the same bags could be used, *tied and not sewn,* for many journeys; which would make them last a long time, provided that they were manufactured out of the same material as is used for sugar-bags. Therefore, this expense would be only transitory; and even so, it would be very greatly inferior to that incurred at present, in respect of bags lost to the producer and of the excessive cost of handling: since they would only be used for the short, rapid journey between the farm and the Regional Granary, where the grain would be absorbed into the system of circulation in bulk.

To carry out the programme presented by this project, it is not necessary to invent anything new: and this offers a guarantee of success which is not to be despised. It is sufficent to copy and improve what already exists and has been tested by experience in the United States and Canada. I propose to adopt the same system in our country, with Primary Granaries, (Country Elevators): and for every ten or twenty of these, according to the density of the relative agricultural zone, a Regional Granary (Scalp Elevator): and these latter would constitute the basis of the whole plan for the distribution of grain in the Argentine Republic. From them, the grain would be sent in waggons, in bulk, to its definite destination, either to the mills or factories in the country, or to the "Terminal Granaries", at the ports, where, deposited in large quantities, the grain would await the orders of the exporter, and it would be ready for shipment, as soon as the vessel came alongside the wharf on which the Terminal Granaries were erected.

The Regional Granaries, in the general terms of the proposed scheme, will solve all the problems of our agricultural production, as soon as they shall receive the necessary capacity, which cannot be ascertained by calculation in hypothetical cases like the present one, and which can only be found by experience, after they have been working for some time. But as they are to be devoted to storing all kinds of prepared and classified grain: — wheat, maize, oats, linseed, barley, &c.: — until it is sold to be transformed industrially or shipped, they will allow the owners of the grain to obtain credit, and they will avoid the considerable loss now suffered, owing to the grain being exposed to the weather, under conditions which could not be more prejudicial.

V

Having explained the general plan of the constructions to be authorised under the present scheme and the combined working of the grain-elevators, I shall now examine the economy which their use would represent for the country, so as to ascertain whether such

economy would justify the expense of their installation.

Taking the total annual production of grain at 12,000,000 tons (though, this year, it will exceed 14 millions), we obtain the following schedule of amounts which may be saved:

1.	Suppression of bags: 20 (at present, more than 30) cents per 100 kilos	$ 24,000,000
2.	Improvement in prices: for clean, dry and properly classified grain: at 10 cents per 100 kilos	" 12,000,000
3.	Suppression of dead freight: relating to foreign substances in the grain, which would then be carried clean: 1 cent per 100 kilos	" 1,200,000
4.	Substitution of manual labour by mechanical power, and automatic discharge and weighing: difference estimated at 4 1/2 cents per 100 kilos	" 5,400,000
5.	Suppression of leakage, inherent to transport in bags and over gangways: 3 cents per 100 kilos	" 3,600,000
	Total amount saved	$ 46,200,000

Other advantages are not computed numerically: but it is as well to mention them: such, for instance, as:

The suppression of loss by damage;

The greater efficiency of the Ports;

The better utilization of railway rolling-stock;

The suppression of demurrage of waggons in the Ports;

The suppression of marine demurrage;

The suppression of transport of damp grain, which ferments during the sea-voyage, and deteriorates very greatly;

And finally, I mention the most important of all these advantages, which is the possibility of issuing warrants, with absolute safety for the Bankers who discount them and with a positive benefit for the depositors.

I must add that the foregoing calculations are taken from official statistics or from data supplied by the

most responsible persons and corporations: besides which, I have reduced the figures, so as to avoid all possibility of exaggeration. And even if we reduce the foregoing figures still further, we must admit that a total yearly loss of *fortyfive million dollars,* suffered by our National Agriculture, only in respect of the items mentioned in the foregoing schedule, and without any object, is so imposing that even if it were reduced by one-half, it would compel the Government to undertake, without a moment's delay, the careful consideration of such a vital problem.

VI

As an antithesis of the position which would be created by the adoption of the proposed scheme, and to emphasise the facts mentioned in the foregoing chapters, I shall now draw special attention to the present conditions of the grain industry in this Republic.

The absolute lack of deposits for the storage of grain, whilst awaiting the opportune moment to effect commercial operations, on one hand, and on the other, the fact that, owing to this situation, it is impossible for agriculturists to obtain liberal credit on the guarantee of their produce which is subject to all kinds of risks, without there being any guarantee as to its quantity and quality, has created a situation which is peculiarly favourable to the formation of a monopoly, which is in every way alarming, and which, as a matter of fact, exists in the country, without any blame whatsoever attaching to the respectable firms which involuntarily profit by an exclusive situation which they have not created and which they do nothing to maintain. But whatever their attitude may be, the situation is highly prejudicial to the agriculturists, who not only fail to benefit by a necessary competition in the most important branch of national production, but also find themselves hindered by a narrow economic position, in view of the fact that it is impossible for those few firms to satisfy the pecuniary requirements of such a large proportion of our agricultural industry.

The insufficiency of their capital, in proportion to the enormous figure represented by the grain in-

dustry in this Republic, helps to increase the pressure of the demand for credit, which our Banks cannot meet, for the reasons aforementioned: and the producers, who are unable to wait, are thus subjected to onerous conditions which circumstances compel them to accept. If the colonist were not obliged to sell his grain in the stack, or in the granary, or even before it is cut, and if he had the means of depositing it in some safe place, so as to draw on it, he would be in a position to discuss its price, so as to defend his interests by approximating this price to the quotations of the market in general. And furthermore, if the produce, already classified and ready to be moved, in the State deposits, could be easily acquired, it is more than probable that intermediary purchasers would abound, who would make better offers and who would be satisfied with smaller profits: and it is not improbable that even European buyers, who themselves are victims of the monopolies, would make their purchases directly, by orders given to commission-agents in this country. That is to say that, in one way or another, there would be competition, which is at present impossible, in view of the manner in which commercial operations are carried out, and which, like the system of transports, has been badly organised, ever since the commencement of our agricultural evolution.

To reveal the extent of the monopoly which exists, as a matter of fact, I might cite cases of which I am cognizant, in which, for the purpose of profiting by the high specific gravity of large consignments of wheat, contracted in Europe for delivery at a lower weight, rubbish obtained from the cleansing of other kinds of wheat has been mixed with the shipments: so that the foreign miller paid price and freight for rubbish, just as though it were industrial raw material.

The extorsive methods applied to the farmers have reached an extreme which exceeds all permissible limits, and which can only be explained by the absolute domination over the home market, exercised by monopolists in the grain industry. In the Province of Buenos Aires, farmers have to pay the tax imposed by law on commercial firms, multiplied by the requirements of the only purchasers, at the rate of 1 1/2 cents per *fanega*

(bushel), which leaves a profit on the fiscal charges which these are obliged to pay; so that there is even a speculation on public charges, which convert them, as far as the monopolists are concerned, into an illegitimate source of profit. They are not even affected by the shortage of waggons: because, to guard against the consequences of this, they only purchase grain *placed on waggons*: so that the unfortunate colonist is also exposed to this risk.

There is no need to go into excessive details to prove a fact which is so well known. It is sufficient to travel over the whole grain-producing zone to see how this industry has been absorbed by only a few firms: and this fact can be appreciated even more easily at the Ports, where it may be seen how few are the exporters whose names figure on the ships' manifests.

Neither does it require any great stretch of imagination to appreciate what large sums are thus easily gained by this half-dozen firms every year, if we remember that, as absolute owners of the camp, and without any control whatsoever, they will operate, this year, on an exportation calculated at *ninety millions of fanegas, or bushels* (*nine million tons*)! They doubtless have the right to enjoy the advantages granted them by the present situation: but for this very reason, the Government is bound to come to the assistance of Agriculture and Commerce, which should not be allowed to continue in such a sad state of bondage.

VII

The erection of granaries will be the safest and most efficacious method of completely changing the procedure hitherto followed: because, in my opinion, it is evident that the lack of deposits constitutes the greatest difficulty in conferring the benefit of credit on the agriculturists and in opening the grain industry to all kinds of activities. I do not entertain any hopes as to the success of any warrant-law, so long as certificates of deposit cannot be guaranteed both by the excellent conditions of the premises and by the signature of the person who is responsible for the classification and care of the grain. No guarantee-operations can

ever be satisfactorily effected, unless there are grain-elevators, perfectly installed and equipped. On the other hand, a certificate issued by a person of the greatest integrity on grain which is actually deposited in proper and safe premises should constitute one of the soundest documents in a Bank's portfolio. Under such conditions, the law would only require to be slightly modified, as to its form.

Consequently, the erection of elevators would solve the principal part of the problem of agricultural credit, as it would allow agriculturists to receive, as the harvest proceeded, almost the whole of its value, without having to wait for months, before sending it to market, or delivering it to the capitalist at the price which he imposes. Agricultural credit already exists in this country, and there is no lack of Banks doing this kind of business. From the Banco de la Nación and the central private Banks to the most distant Branches, all these establishments do more business with agriculturists and live-stock breeders than with merchants. What is wanting is an organization which shall allow them to operate with comparative safety, without the danger of the agriculturist who has applied for a discount for the purpose of harvesting his crop finding it impossible to meet his liabilities, owing to the forced delay of his sales. Then the inevitable case occurs:—when the Bank closes its doors, the usurer opens his.

The warrant is, doubtless, the agriculturists salvation: but unless there are properly installed granaries, the use of warrants is impossible.

VIII

We shall now examine other aspects of this complex question.

Who should erect the granaries?

Who should classify the grain?

Who should issue the certificates of deposit?

I think that the State should do all these things: and I therefore propose this, as the basis of my scheme.

The first of the foregoing questions might possibly give rise to some doubt, if private capital had shewn any tendency to devote itself to this object: but the

years pass by, and no private undertaking has ever taken any steps, either publicly or privately, to meet this urgent requirement in a decisive and expeditious manner. Isolated facts might lead one to suppose that the time was not far off when the erection of elevators would be proposed and effected. Nevertheless, notwithstanding the encouragement given by the law dealing with this matter, nothing has been done, hitherto, which is worthy of being taken into account, nor is there any hope of any private enterprise attempting to supply a want which is so generally felt. Neither do the Railway Companies appear to be disposed to take action in the matter, or at least, not for the present: because, although they have made a careful examination of the case, they have refrained from putting the result into practice.

Meanwhile, time goes on, and the country is deprived of what it so greatly requires: and it may easily be seen that if the Government does not adopt a decided and energetic initiative, Argentine Agriculture will continue in the same deplorable condition as it finds itself at present.

It is, perhaps, fortunate that circumstances compel us to adopt this resolution: because, to obtain all the benefits which we are entitled to expect from a complete installation of grain-elevators, we should endeavour to obtain the most economical service possible, and this would be difficult if we were dealing with private Companies, which would always endeavour to declare the highest possible dividends: and this intention would be favoured by the ease with which they could monopolise the functions under their charge and by the advantages which Congress would be compelled to grant them, as a condition of their establishment. In such circumstances, we should gain little, if we were to free ourselves from the present monopoly, only to fall into the hands of another, which, perchance, might be more formidable.

The large granaries in this country, which constitute the treasury of its agriculture, should belong to the country itself. In that case, they would not represent an industry, but a public service for the safeguarding of the common welfare and for the defence of one of

its original industries, which finds itself seriously threatened, although it has a pre-eminent claim on the protection of the State.

The other two questions are more easily answered: because, if we examine them carefully, we shall find that they do not admit any argument.

The classification of grain is the starting-point of all the commercial operations relating thereto, from the original railway-station to the factory where the grain is transformed, or to the market where it is consumed. Classification is necessary to its existence as a valuable article, entering freely into the currents of international commerce: and it is this classification which establishes the general types and determines the world-values of the grain, in accordance with the requirements of universal demand. It should not constitute an isolated operation, which anyone may practice at will, and place his private mark thereon: because this would not mean an industrial transformation, nor would it require any technical qualification, nor would it give rise to new inventions or manufacturing processes.

Furthermore, the classification of grain is the source of all kinds of fraud committed at the expense of the farmer who sells it and the consumer who buys it: as it is impossible to determine the precise value of the grain, without first fixing clearly and exactly its type, its specific gravity, its degree of cleanliness and its degree of moisture, by means of delicate instruments. The transfer of these values, which is made by means of commercial documents, would not be possible, in the necessary degree, unless it were possible to proceed with absolute certainty: because grain, if properly classified and stored, exercises a function similar to that exercised by the gold-deposit on the circulation of paper money.

Hence the necessity, likewise, of making the issue of deposit-certificates the duty of the Government, under the same conditions and for the same reasons as the inscription of mortgages, or the transfer of landed property: because public interest requires that these acts should be guaranteed by the Government, so that they themselves may offer an indisputable guarantee of good faith. For the Banks to have confidence in the deposit-certificates, and to grant them the maximum

discount with a minimum interest, it is necessary that these documents offer absolute safety. Otherwise, the operation will not offer all the advantages with which it is desired to benefit the agriculturist.

I do not know what the Minister of Agriculture will advise on this matter; but I presume that he will give his opinion in due course: but I think that, for the purpose of inspiring the Banks with full confidence, and in view of the fact that deposit-certificates are issued, principally, for the Banks, it would be advisable that the persons who are to sign these certificates should be proposed by the Board of Directors of the Banco de la Nación.

In accordance with the foregoing remarks, I consider that it would be indispensible to apply severe corporal punishment to public officials guilty of making false statements in the certificates issued by them, or who, in any way, were guilty of fraud. And, for obvious reasons, it is advisable to adopt the resolution recommended in my scheme, whereby warrants, or deposit-certificates for grain, shall only have a legal value if they are issued by the proper public functionaries, and in respect of produce kept in the State deposits. Private parties may have as many deposits as they wish; they may lend money to the depositors and they may effect all the commerical and industrial operations which suit them. By limiting the issue of warrants to the offices of the State, the Government would not in any way hamper free commerce; because if, at present, nobody issues warrants, owing to the deficiencies of the laws now in force a new law would not injure any acquired right, nor would new conditions be introduced, as regards what the public is doing at present. Any private party could receive grain in deposit, and issue a receipt for the same, although such a receipt would not have the force nor the legal effects of a warrant. Things would continue to be the same as they are at present: but on what now exists and will not be altered, a supplementary and indispensible organization will be built, which will respect all the guarantees given by the Constitution.

It is proposed to safeguard common property, issuing documents which represent it: and these functions should be exercised by the State, which is the natural guardian of this property.

IX

The number of Primary, Regional and Terminal Granaries, and their distribution over the grain-producing zone, is a matter which calls for a detailed examination on the part of the Minister of Agriculture, with the aid of the data and reports supplied by the Statistical Department, and with the assistance, also, of the Direction of Railways: so that their combined action may result in the better utilization of the rolling-stock and the quicker transport of each crop. But the present report would lack one of its most important items if it omitted to supply an approximate calculation of the cost of the proposed installation and a general prospectus of the number of elevators to be erected, in accordance with the present necessities of the case.

I base my calculations in this respect on the organization now in force in Canada, as that country is considered to be the best of all grain-exporting countries, as regards the installation of its grain-elevators. There, the average capacity of the deposits represents 50% of the wheat-crop; and this is considered sufficient for the storage of grain, in view of the fact that, during the threshing, the elevators are continually being filled and emptied, which allows them to be utilised twice over, during each harvest.

For the present year, the production, in our country, is calculated at about seven million tons of wheat, linseed, oats and barley; and the average for the next five years may be calculated at eight million tons. The maize crops may be calculated at the same figures, and they will occupy the same deposits, when once the grain threshed in January, February and March has been distributed and embarked. So that if we apply the proportion adopted in Canada, we find that the Government granaries should have a total capacity of four million tons: and that if they were filled twice, for each of the harvests collected in summer and autumn, they could deal with sixteen million tons per annum: which figure is slightly higher than the probable production for the year 1912, but which it is prudent to adopt in respect of the coming years, since the granaries would be erected with a view to their lasting a long time.

As I have already remarked, their distribution is a problem which calls for a lengthy and exhaustive investigation; but in view of the railway traffic during the last three years, according to tables which I have before me, there are about 700 railway-stations which require Primary Granaries, and these would need 60 Regional and 5 Terminal Granaries, having a capacity which, in a preliminary scheme like the present one, could be distributed as follows:

500	Primary Granaries,	with a capacity of	2,000	tons.	1,000,000
200	do.	" "	5,000	"	1,000,000
60	do.	" "	25,000	"	1,500,000
5	do.	" "	100,000	"	500,000
		Total capacity in tons:			4,000,000

The proportion of these capacities may be changed by increasing either the number of the smaller or of the larger granaries, provided that the total capacity is maintained: and, in my opinion, it would not be advisable to reduce this capacity: because as the average cost-price of the different types of granaries has been taken in the estimates, such alterations would have little effect on the general estimate for the work, in which the price per ton of capacity is calculated.

The granaries have been designed according to Mr. Stricker's system: this being the name of the distinguished Engineer who has first employed it, introducing a modification in the well-known "armoured cement" system, on which principles it is founded. It is better than the wooden, concrete or iron constructions, and while being cheaper than the wooden ones, its price is about half that of the two others. It has the advantage of being waterproof, incombustible, a bad heat-conductor, it dries the grain that it contains and any bricklayer can build it. The principal factor in its construction is common brick, which may be obtained at a small cost in the neighbourhood of all the railway-stations. Once it is erected, it practically lasts for an indefinite time.

This system has already been tried in our country; and there are various elevators of this type which have given excellent results; their actual cost having served as a basis for the estimates with which their inventor

has favoured me. Both the system and Mr. Stricker's technical competence have evidently been fully appreciated by the Pacific Railway Company, which has entrusted him with the construction of the magnificent silos which have been erected at Puerto Galvan, and with which the Company is fully satisfied.

There would, therefore, be no need for us to search very far for a specialist, as we have one among us, who has to his credit long years of work and experience in this country: and who offers the country his services on one condition: that they shall be given gratuitously.

The estimate referring to a 2000-ton elevator, with its relative machinery, amounts to $15.45 m/n. per ton: and the cost diminishes, as the capacity increases, to $12 m/n. per ton. But for the figures not to be cut too finely, we have not taken this reduction into account, and we have adopted a general unitary price of $15 m/n. per ton: which gives a total cost, for 765 granaries having a capacity of four-million tons, of sixty million dollars m/n.

These calculations do not include the granaries which will certainly be erected by private parties at many railway-stations dealing with less than 5000 tons; and even by the Railway Companies, who will find it inconvenient for the system not to be completely uniform at every station. But even if this were problematical, its possibility should be taken into account, in attempting to solve the problem dealt with by the present scheme.

I must now emphasise one point, which is of the greatest importance in allowing us to form an exact opinion with regard to this scheme, without taking into consideration the excess of cost which paralises every initiative which is made at present. When calculating the loss now suffered uselessly by National Agriculture owing to a lack of proper installations, I quoted very low figures; for instance, the estimated cost of bags, which I took at about half the present price: and however little the real figures exceed mine, the annual loss will be greater than the cost of the granaries. I may affirm, therefore, that the capital spent by the country in these installations will be completely refund-

ed in one year's time! And I must add that, besides this considerable advantage, we must remember the breaking up of the formidable monopoly which weighs on the agriculturists, the greater commercial freedom and even a note of higher civilization which will vibrate through our country: because each elevator, with its lofty tubular silos, will be a monument erected to the progress of the country.

X

I shall now deal with an important point, which I have purposely left to the final chapters of this memorial. It is the financial aspect of the problem; the difficulty of raising the large sums necessary for the realization of a scheme so vast that it cannot be realised in a fragmentary manner, for the reasons given at the beginning of this memorial: because the desired object would not be attained, unless a general system were implanted and made extensive over the whole grain-bearing zone of this Republic.

For this work to be undertaken efficiently, it is necessary to dispose, from the commencement, of all the necessary elements, so that the work may proceed without any interruption. Consequently, with the estimate of expenses, I have prepared a financial scheme which would enable us to raise funds, without affecting the general resources of the exchequer, nor the ordinary means of obtaining credit.

When I was Minister of Agriculture, in the year 1907, I constantly found it impossible to raise funds for the "Defensa Agricola", at times when the large invasions of locusts called for an immediate disbursement of funds. I therefore conceived the idea of creating a special fund, which might be considered as a war fund, by establishing a small tax on the exportation of grain. I consulted representatives of the grain-merchants, of the "Bolsa de Comercio" (Stock Exchange), the principal Bankers, &c., and in view of their favourable opinion, I constituted a committee of representatives of the various groups interested, under the presidency of don Manuel Correa Morales, for it to present a detailed report on the scheme. The committee was in favour

of the defence-fund being established, and it was decidedly in favour of the proposed tax being applied, stating that it was less than the daily oscillation in prices in the home market. The scheme was never presented to Congress, for reasons which have nothing to do with the present case: but I have thought it advisable that it should be borne in mind, as a useful antecedent: because, if at that time, the interested groups were in favour of a tax on the exportation of grain, for the defence of agriculture, it is reasonable to suppose that they would not oppose this tax at present: provided that it were applied to some object that would benefit them in a similar manner. At that time, it was proposed to apply a tax lower than the daily oscillation in prices; and the tax did not appear to them to be excessive. I cannot believe that they would now oppose such a tax, which would be of the temporary character which I suggest, and which is less than one-quarter of the price they would pay for bags; without taking into consideration other amounts which would be saved, by virtue of a system designed to obtain all kinds of advantages for the agriculturists.

I understand, furthermore, that, as regards the distribution of taxes, these should be borne directly by those persons who will reap the benefits resulting therefrom. For these very good reasons, I have considered that we should take, as a financial basis of the general scheme, an export-tax of fifty cents, m/nacional, per ton of wheat, maize oats and barley, and a tax of one dollar, m/nacional, on linseed: this distinction being made in view of the last-named cereal having a value at least double that of the others; exactly as I proposed in the year 1907.

This tariff, applied to the minimum exportation, estimated for the current year by the Direction of Agricultural Statistics, would produce the sum of $4,955,200 m/n.; and supposing that the constructions were made as the resources were obtained, the scheme would be completed in ten years, without any difficulty nor delay caused by shortage of funds. Nevertheless, I would not recommend such a slow procedure, because a delay of ten years would be excessive, as the case is urgent. Consequently, my scheme authorises our obtaining credit by the issue of scrip styled "Obligaciones de Elevadores Argentinos", which would be rapidly amortised by the produce of the tax. The term of ten years would thus be reduced to the time necessary for erecting the constructions, which is calculated at three years for the elevators proposed in my scheme.

The application of another tax, even for a temporary period, would meet with opposition in certain quarters, where it is considered that the contributors are overtaxed: but I see no other means of providing for the urgent requirements of national economy, as regards the matter under discussion, as it would not be just to tax the whole country for advantages which would only be obtained by the grain-producers, however numerous these may be. The dominating tendency is to lighten instead of loading the taxes on articles of consumption: and for this purpose, the only way is to tax producers, who are heavily taxed by the Provincial Government, but who pay no tax to the National Government. Furthermore, I must repeat that the proposed contribution does not really constitute a charge on the contributors, as it would only be a small fraction of the large sums which would be saved.

The "Obligaciones de Elevadores Argentinos", the issue of which is authorised by my scheme, would, I think, be easily placed, in view of it being an interest-yielding stock, and of its service being guaranteed by a special tax, and of the fact of the Railway Companies being deeply interested in its financial success, as they would find in it an investment for the reserves which they are bound to maintain. I have not approached them on the matter, as I did not think it advisable to do so at present: but I do not think that it would be difficult to obtain from them the same cooperation which they gave to the investment of the bonds authorised by the Irrigation Law, which, thanks to this co-operation, is now in full force.

XI

In the administration of the general system of granaries, proposed in the present scheme, we must distinguish a duality of functions which results from the methods available and from the conditions under which the scheme would have to be developed. On the one hand, there would be the material operations of loading, unloading and transport. On the other, there

would be an installation of an economic and commercial character, devoted to the rapid circulation of the values represented by the production of grain. The former, which is an industrial function is principally of interest to the Railway Companies and to the Administrations of Ports. The latter calls for the direct intervention of the State, as we must consider as public functions the classification of grain within the scale of types required by home commerce and by foreign nations, which Congress is required to regulate, and the issue of documents of credit, for which a governmental guarantee is indispensible to national economy.

The handling of the produce at the different periods of its transport does not call for governmental intervention, beyond a mere supervision. But on the other hand, it is very important to reduce, as far as possible, the expenses of this handling: which is one of the objects that the present scheme has in view. I have already stated that the intervention of the Government is required for the classification, the deposit-certificates and the storage of the grain.

It is advisable, therefore, to distribute the duties, according to their nature, between the Government and the Railway Companies.

Since, as we have already seen, the Primary Granaries (way-station elevators) are only used for the mechanical discharge of the carts in which the grain is laden in bulk, and to fill the elevated deposits from which the grain is poured on to the waggons, without any handling, there is no reason for these operations to be *administered* by the State. They would only replace the present manner of working, reducing considerably the necessary number of workmen: and the Railway Companies would perform the work more easily with the men now working at the stations, as all the operations would be mechanical and automatic, including the issuing of the receipt for weight discharged, which would be given to each cart. If the work were performed by public functionaries, their salaries would increase the expenses uselessly: besides which, they would be idle, most of the time.

In my opinion, the services of the Primary Granaries should be gratuitous for the first five years, as a stimulus in favour of transport in bulk. The Government would lose the interest on the capital, and the Railway Companies would lose the amount of extra pay which they would be obliged to give to the stationmasters, and also, the small expense of mechanical loading: which would have to be set against the numerous advantages which they would receive from the new system. Also, the tax paid by the producers would be balanced by the saving in the wages of the gangs now employed in unloading the carts, loading the waggons and unloading the waggons at the end of the journey. A saving would result in every quarter.

As regards the Regional and the Terminal Granaries, the administration would have to be in the charge of the Government: because it is there that the grain would be classified and the government offices installed, for the issue of warrants. But there would be little danger of unnecessary expenses being incurred, in view of the importance and continuity of the work performed by the clerks.

At some of the Ports, the existing elevators are private property, by virtue of legal concessions which must be respected. This would make it necessary to come to some arrangement with the concessionaires: but this would not constitute an insurmountable difficulty: and the present scheme authorises the Executive Authorities to make these arrangements, under the necessary conditions and in accordance with the spirit of the proposed law.

There is no need for me to say that the administration of the Regional and Terminal Granaries should come under the jurisdiction of the Ministry of Agriculture, in view of the nature of that administration: and consequently, I think that it is my distinguished colleague who should draw up that part of the project, and the part referring to the classification of grain and the issue of warrants.

I wish to abstain, as far as possible, from intruding into the jurisdiction of other Ministers: and if I have in any way failed in this object, it is because the nature of the case makes it impossible to draw a hard and fast line between the functions of the various Ministries. For instance, I have been compelled to deal with the case of Primary Granaries, in view of their being directly connected with the railways, which come under the

jurisdiction of my Ministry: and similar cases occur with regard to other details respecting the functions of the Regional Granaries, or with regard to the issue of warrants; because without these, there would be no transport in bulk, which, in my opinion, is the way out of the principal difficulties of the problem which the present scheme proposes to solve.

XII

The foregoing explanation is far from being a full expression of the vast scheme, conceived for the purpose of benefiting the public welfare: and I have no doubt that, in many points of this complex scheme my explanations have been insufficient: partly, because I was desirous of not making this memorial too extensive, and partly owing to the author's lack of knowledge. If the scheme has the good fortune to be accepted in principle by Your Excellency, these deficiencies would be made good by the law which would be promulgated by Congress, and which the country requires with the greatest urgency, either in accordance with the scheme which I propose, or in some other form. In either case, I shall have the satisfaction of having done my duty in endeavouring to obtain more efficacious services from the railways than those which they now render to National Agriculture.

I salute Your Excellency with my most distinguished consideration.

EZEQUIEL RAMOS MEXIA.

Bases for the Proposed Granaries Law

Article 1. — Let the Executive Authorities be authorised to construct, for account of the state, at national and private railway-stations and at sea-ports, the grain-elevators which shall be necessary for the storage and transport of grain: in accordance with the provisions of the present law.

Art. 2. — These constructions shall be of three categories: (1), Primary Granaries: (2), Regional Granaries: and (3), Terminal Granaries: each of which shall have the proper capacity, according to the importance of the zone and the object to be fulfilled.

Art. 3. — The Primary Granaries shall be erected at the railway-stations calculated to handle, yearly, 5.000 tons of grain: this denomination to include wheat, linseed, maize, oats, barley, rye and other kinds of grain which shall be extensively cultivated.

Art. 4. — The Regional Granaries shall be erected at places where the production is greater: or they shall serve as centres for a given number of Primary Granaries. Their situation and capacity shall be determined by the Executive Authorities. Regional Granaries shall be devoted to the cleansing, classification and storage of grain, and they shall be constructed in accordance with technical rules, and they shall contain all the improvements which may tend to their better and more economical working.

Art. 5. — The Terminal Granaries shall be erected at sea-ports, and they shall have the capacity and the installations necessary to unload the trains and load the vessels in the shortest possible time. They shall also be devoted to the cleansing, classification and storage of grain proceeding from points nearby; subject to the limitations and conditions which the Executive Authorities shall consider advisable to establish. The Executive Authorities are authorised to make arrangements with the concessionaires of grain-elevators already erected at the ports; either for the purpose of

purchasing or renting them, or for the purpose of erecting new ones, on the land or at the place occupied by the concessionaires. The Executive Authorities are likewise authorised to make similar agreements with the owners of elevators already erected at the railway-stations.

Art. 6. — At stations where the yearly grain-traffic is calculated as being less than 5,000 tons, the Executive Authorities shall be empowered to construct Primary Granaries, for the account and custody of private parties who shall apply for them: and the Government shall undertake to pay for the cost of the work, in the event of the yearly grain-traffic, at the said station, exceeding 5,000 tons. Until payment of the capital sum, the Government shall be empowered to pay interest at the rate of 4% per annum.

Art. 7. — At the Primary Granaries, the Railway Company shall give the loader a receipt, stating the name and class of grain, its gross weight, its specific gravity and its degree of humidity, ascertained by means of sensitive instruments, duly checked by the Government. At the Regional and Terminal Granaries, when the grain has not been already classified and cleansed, the officials in charge of the classification shall give the senders the relative deposit-certificates, which will only state the amount, in weight, and the estimated quality in accordance with types established by the Executive Authorities for delivery: unless the circumstances of space and time shall permit the individualization of the remittances.

Art. 8. — At the Terminal and Regional Granaries, the administration shall be in the charge of the Executive Authorities, who shall effect the classification, mixture and cleansing of the grain: and at the Primary Granaries, this shall be done by the Railway Companies, who shall be responsible for the quantities and values which they receive, until such time as the grain is delivered at the Granary to which it is destined. On the date on which the granaries mentioned in the present law shall be delivered to public service, the Railway Companies shall have available, for the transport of grain in bulk, the number of waggons which to Ministry of Public Works shall have assigned to each Company, and on the temporary or definite conditions

which that Ministry shall have established at a sufficiently early date, previously.

Art. 9. — The deposit-certificate mentioned in Article 9 of the present law, and which, hereinafter, shall be denominated "agricultural warrant" (*warrant agricola*), may be legally transferred by a simple endorsement, subject to its being stamped and noted in the proper register, at the Granary where the grain in question is stored. In the case of Article 11, the endorsement of the creditor Bank and the stamp of the Bolsa (stock exchange) will suffice.

Art. 10. — Every warrant, duly endorsed and fulfilling the requisites mentioned in the preceding Article, is a legal and valid document for the person to whom it is endorsed: who, without any further steps being necessary, shall be the owner of the merchandise in question.

Art. 11. — In the event of a Bank discounting a warrant, and payment not being made on the date of its expiry, the Bank shall be entitled, three days after the said date, to present itself to the "Bolsa de Cereales" (Grain Market), or failing it, to the "Bolsa de Comercio" (Stock Exchange) of the place where the Bank's Head Office is situated, requesting that, with 24 hours' notice, the warrant be sold by a Bolsa broker to the highest bidder. From the amount thus obtained, the Bank shall deduct the amount of the loan, together with all expenses and interest, and shall credit the account of the debtor with the balance. In the event of the price obtained being insufficient to cover the debt, the creditor shall be entitled to bring an action-at-law against the debtor, for the balance: for which purpose, the communication made by the Bolsa to the Bank shall serve to justify the action.

Art. 12. — The procedure authorised in the foregoing Article shall only be applicable to warrants discounted directly by banking institutions which do not operate in the purchase and sale of grain, or other produce. In the event of the discounter engaging in these operations, the relative Bolsa shall disallow the application, and the creditor's only remedy will be the ordinary legal proceedings.

Art. 13. — The issue of agricultural warrants shall only be effected by the State: and the Executive Author-

ities shall not authorise their issue in respect of grain deposited at other places than the Government granaries. Deposit-receipts given by private parties are not entitled to the facilities granted by the present law to warrants: and they shall merely be considered as documentary evidence in any action-at-law to which they shall give rise.

Art. 14. — Holders of a warrant have the Nation's guarantee that the merchandise specified therein exists and is available, and that its weight and quality are those stated: but depositors shall not be entitled to claim delivery of any article in particular, nor the payment of damages for supposed or real changes. The classification and the conditions of the grain, on this being received, confer the right to demand the proportional part to which each depositor is entitled, in the types resulting from the mixture of grain, made for the purpose of facilitating its deposit and transport, in accordance with the instructions given by the Executive Authorities; which instructions shall be published at a sufficiently early date, beforehand.

Art. 15. — From the 1st. January, 1913, and until the capital and interest invested in the constructions mentioned in the present law shall have been covered, the Custom-Houses of the Republic shall exact payment of a tax on all grain exported, in accordance with the following tariff:

One dollar, m/n., for every thousand kilos of linseed or other oleaginous grain:

Fifty cents, m/n., for every thousand kilos of wheat, oats, barley, rye and maize.

The "Contaduria General de la Nacion" (Governmental Accountant's Office) shall open a special account, which shall shew the amounts collected, by virtue of this tax: and shall charge it with the expenses authorised by the Executive Authorities, in compliance with the present law.

Art. 16. — The Executive Authorities are authorised to issue "Obligaciones de Elevadores Argentinos", to the value of $25,000,000, gold, or its equivalent in pounds sterling, United States dollars, marks or francs: the product of which shall be devoted to defray the expenses of the work authorised in Article 1. These obligations shall bear interest at the rate of 4 1/2% per

annum, and an amortization of not less that 1% per annum: the Executive Authorities being entitled to increase the amortization, when they consider it advisable to do so. The contract relating to the issue of these obligations shall stipulate whether their service is to be effected in this Republic or in foreign countries.

Art. 17. — The work to be carried out in accordance with Article 1 shall be assigned to the debt authorised by the foregoing Article: and the tax created by the present law, as also the product of the deposit-dues and of the classification and cleansing of grain, shall be assigned to the service of the obligations: and after deduction of Administration expenses, the balance shall be devoted to increase the installations, or to the amortization of the obligations issued.

Art. 18. — The Executive Authorities shall not be entitled to rent the granaries the construction of which is authorised by the present law, nor to make contracts for the administration of the Regional or Terminal Granaries, without the previous authorization of Congress.

Art. 19. — For the execution of the dispositions contained in the present law, the intervention of the Ministries of Finance, Agriculture and Public works shall be adjusted to the distribution of functions established by Law No. 3727.

Art. 20. — For the construction of the granaries, a General Direction shall be organised at the Ministry of Public Works, which shall have charge of everything connected therewith: and the Executive Authorities shall be entitled to order that the construction be made by the Administration, by means of a public call for tenders, or by means of a private call for tenders, addressed to the firms of constructors who are specialists in this class of work.

Art. 21. — The Executive Authorities are authorised to rent from the Railway Companies the land belonging to the latter at the railway-stations, where it shall be necessary to erect granaries: and the duration of such leasing-contracts shall be for any term up to fifty years.

It is hereby declared that the work connected with the governmental granaries is of public utility: and consequently, the Executive Authorities are hereby author-

ised to expropriate the said land and all other land which may be required for the convenient situation of the said granaries.

PENAL DISPOSITIONS

Art. 22. — Classifiers in the governmental granaries who shall be guilty of fraud in connection with the receipts issued by them, as regards the substance, quality and quantity of the grain to which such receipts refer, shall suffer the penalties established in Article 202 of the Penal Code, with reference to fraud. For the purpose of graduating the penalty mentioned in clauses 1 to 6 of the said Article, the Court shall take into account the market-price of the grain, on the date on which the receipt was issued.

Art. 23. The loader who shall be guilty of fraud, as regards the substance, quality or quantity of the grain delivered, as declared in the application for deposit or transport to the governmental granaries, shall suffer the penalties prescribed in the foregoing Article, without prejudice to the grain being confiscated. The same penalties shall be applied to the loader who, by any fraudulent procedure, with or without the complicity of the classifier, shall obtain a deposit-certificate bearing a superior classification to that which rightly belongs to the grain in question.

Art..... — Let these presents be communicated to the Executive Authorities.

RAMOS MEXIA.

NOTE. — The present scheme does not include any disposition with reference to the administration of the governmental granaries: because this is a matter in which only the Minister of Agriculture should intervene; who will propose the system which appears to him to be most satisfactory. As regards the manner of classifying and mixing the grain, this should be left entirely to the discretion of the technical offices of that Ministry. At all events, it will be difficult to decide what should be included in the law, in this respect; and this decision rests exclusively with my distinguished colleague, the Minister of Agriculture.

R. M.

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TITLE